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SENATE BILL 644

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Phil A. Griego

AN ACT

RELATING TO PUBLIC EMPLOYEES RETIREMENT; AMENDING THE PUBLIC
EMPLOYEES RETIREMENT ACT TO ALLOW THE PURCHASE, AT ANY TIME
AFTER JUNE 30, 2004 AND PRIOR TO JULY 1, 2005, OF UP TO FIVE
YEARS OF SERVICE CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-11-7 NMSA 1978 (being Laws 1987,
Chapter 253, Section 7, as amended) is amended to read:

"10-11-7. CREDITED SERVICE--PURCHASE OF SERVICE. --

A. A member who entered a uniformed service of the
United States may purchase service credit for periods of active
duty in the uniformed services subject to the following
conditions:

(1) the member pays the association the
purchase cost determined according to Subsection E of this

. 144700. 1

underscored material = new
[bracketed material] = delete

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1 section;

2 (2) the member has five or more years of
3 service credit acquired as a result of personal service
4 rendered in the employ of an affiliated public employer;

5 (3) the aggregate amount of service credit
6 purchased ~~[under]~~ pursuant to this subsection does not exceed
7 five years reduced by any period of service credit acquired for
8 military service ~~[under]~~ pursuant to any other provision of the
9 Public Employees Retirement Act;

10 (4) service credit may not be purchased for
11 periods of service in the uniformed services that are used to
12 obtain or increase a benefit from another retirement program;
13 and

14 (5) the member must not have received a
15 discharge or separation from uniformed service under other than
16 honorable conditions.

17 B. A member who was a civilian prisoner of war
18 captured while in service to the United States as an employee
19 of the federal government or as an employee of a contractor
20 with the federal government may purchase service credit for the
21 period of internment as a civilian prisoner of war, provided
22 that:

23 (1) the member provides proof of employment
24 with the federal government or as a contractor to the federal
25 government in a form acceptable to the association;

underscored material = new
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1 (2) the member provides proof of the period of
2 internment in a form acceptable to the association;

3 (3) the member has at least five years of
4 service credit acquired as a result of personal service
5 rendered in the employ of an affiliated public employer;

6 (4) the aggregate amount of service credit
7 purchased pursuant to this subsection does not exceed five
8 years reduced by any period of service credit acquired for
9 military service pursuant to any other provision of the Public
10 Employees Retirement Act;

11 (5) service credit may not be purchased for
12 periods of service in internment as a civilian prisoner of war
13 if such periods are used to obtain or increase a benefit from
14 another retirement program; and

15 (6) the member pays the association the
16 purchase cost determined according to Subsection E of this
17 section.

18 C. A member who was employed by a utility company,
19 library, museum, transit company or by a nonprofit organization
20 administering federally funded public service programs, which
21 utility company, library, museum, transit company or nonprofit
22 organization administering federally funded public service
23 programs or federally funded public service programs
24 administered by a nonprofit organization are subsequently taken
25 over by an affiliated public employer, or a member who was

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1 employed by an entity created pursuant to a joint powers
2 agreement between two or more affiliated public employers for
3 the purpose of administering or providing drug or alcohol
4 addiction treatment services irrespective of whether the entity
5 is subsequently taken over by an affiliated public employer,
6 may purchase credited service for the period of employment
7 subject to the following conditions:

8 (1) the member pays the association the
9 purchase cost determined according to Subsection E of this
10 section;

11 (2) the member has five or more years of
12 credited service acquired as a result of personal service
13 rendered in the employ of an affiliated public employer; and

14 (3) the aggregate amount of credited service
15 purchased ~~[under]~~ pursuant to this subsection does not exceed
16 five years.

17 D. A member who was appointed to participate in a
18 cooperative work study training program established jointly by
19 the state highway and transportation department and the
20 university of New Mexico or New Mexico state university may
21 purchase credited service for the period of participation
22 subject to the following conditions:

23 (1) the member pays the association the
24 purchase cost determined according to Subsection E of this
25 section;

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underscored material = new
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1 (2) the member has five or more years of
2 credited service acquired as a result of personal service
3 rendered in the employ of an affiliated public employer; and

4 (3) the aggregate amount of credited service
5 purchased [~~under~~] pursuant to this subsection does not exceed
6 five years.

7 E. Except for service to be used under a state
8 legislator coverage plan, the purchase cost for each month of
9 credited service purchased [~~under~~] pursuant to the provisions
10 of this section is equal to the member's final average salary
11 multiplied by the sum of the member contribution rate and
12 employer contribution rate, determined in accordance with the
13 coverage plan applicable to the member at the time of the
14 written election to purchase. The purchase cost for each year
15 of credited service to be used under a state legislator
16 coverage plan is equal to the sum of the member contribution
17 and an employer contribution of ten times the annual amount of
18 pension per year of credited service under the state legislator
19 coverage plan applicable to the member. Full payment shall be
20 made in a single lump sum within sixty days of the date the
21 member is informed of the amount of the payment. The portion
22 of the purchase cost derived from the employer contribution
23 rate shall be credited to the [~~employer~~] employer's
24 accumulation fund and shall not be paid out of the association
25 in the event of cessation of membership. In no case shall

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1 [any] a member be credited with a month of service for less
2 than the purchase cost as defined in this section.

3 F. A member shall be refunded, upon written request
4 filed with the association, the portion of the purchase cost of
5 credited service purchased [~~under~~] pursuant to this section
6 that the association determines to have been unnecessary to
7 provide the member with the maximum pension applicable to the
8 member. The association shall not pay interest on the portion
9 of the purchase cost refunded to the member.

10 G. A member of the magistrate retirement system
11 who during his service as a magistrate was eligible to become
12 a member of the public employees retirement system and
13 elected not to become a member of that system may purchase
14 service credit [~~under~~] pursuant to the public employees
15 retirement system for the period for which the magistrate
16 elected not to become a public employees retirement system
17 member, by paying the amount of the increase in the actuarial
18 present value of the magistrate pension as a consequence of
19 the purchase as determined by the association. Full payment
20 shall be made in a single lump-sum amount in accordance with
21 procedures established by the retirement board. Except as
22 provided in Subsection F of this section, seventy-five
23 percent of the purchase cost shall be considered to be
24 employer contributions and shall not be refunded to the
25 member in the event of cessation of membership.

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1 H. At any time after June 30, 2004 and prior to
2 July 1, 2005, a member with fifteen or more years of service
3 credit accrued pursuant to the provisions of the Public
4 Employees Retirement Act may purchase up to five years of
5 service credit. The purchase cost for each year of service
6 credit purchased pursuant to this subsection shall be the
7 increase in the actuarial present value of the pension of the
8 member as a consequence of the purchase, as determined by the
9 association. Service credit may be purchased in increments
10 of one year in accordance with procedures established by the
11 retirement board. Full payment of each one-year increment
12 shall be made in a single lump-sum amount in accordance with
13 procedures established by the retirement board. Except as
14 provided in Subsection F of this section, seventy-five
15 percent of the purchase cost shall be considered to be
16 employer contributions and shall not be refunded to the
17 member in the event of cessation of membership."